

Message Text

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11

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 EB-11 COME-00 TRSE-00 SCEM-02

INT-08 AID-20 IGA-02 DRC-01 NEA-10 /179 W

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P R 120932Z DEC 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9718

INFO AMEMBASSY JIDDA

CINCPAC

CINCPACREPPHIL

13THAIRFORCE CLARK

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E.O. 11652: NA

TAGS: ENRG, EGEN, RD

SUBJECT: PUBLIC RELATIONS ASPECTS OF ESSO PHILIPPINES SALE TO GOP

REF: A) MANILA 13465, B) MANILA 13754

1. AF NEWS FILE DEC 11 CARRIES ITEM

DATELINED NEW YORK REPORTING EXXON CORPORTION

STATEMENT THAT IT IS NEGOTIATING TO SELL ITS
PHILIPPINE OPERATION TO GOP. COMPANY SPOKESMAN

QUOTED AS SAYING NEGOTIATION INVOLVES ALL OF
EXXON MARKETING OPERATIONS WHICH ARE HANDLED
THROUGH ESSO PHILIPPINES, INC. AND A 37 PERCENT
SHARE IN BATAAN REFINERY CORPORATION (BRC). ITEM
APPARENTLY NOT YET CARRIED IN LOCAL PRESS, BUT
ANNOUNCEMENT OF ESSO PHILIPPINES SALE TO PHILIPPINE
NATIONAL OIL COMPANY (PNOC) AND OF NEW MOBIL ROLE IN
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BRC IS EXPECTED SHORTLY, PERHAPS IN NEXT DAY OR SO.

2. WE WISH AVOID MEDIA MISCONSTRUING SALE AS

NATIONALIZATION MOVE BY GOP AND INSTEAD WOULD WISH STRESS FACT THAT IT IS A MUTUALLY AGREED SALE OF ASSETS REFLECTING DESIRE OF EXXON TO SELL AND GOP TO PURCHASE. GOP PARTICULARLY INTERESTED IN ACQUIRING ESSO PHILIPPINES AHARE OF BRC WHICH WOULD FURTHER EXPAND GOVT OWNERSHIP OF COUNTRY'S OIL REFINING CAPACITY. GOP EARLIER THIS YEAR ACQUIRED MAJORITY OWNERSHIP OF FILOIL REFINERY.

3. ESSO AND MOBIL OFFICIALS ARE CONSULTING WITH GOP ON TEXT OF PRESS ANNOUNCEMENT. IT EXPECTED REFLECT POINTS IN PARA 2 ABOVE PLUS STATEMENT THAT MOBIL WILL ASSUME MANAGEMENT RESPONSIBILITY FOR BRC. LATEST INFORMATION FROM OIL COMPANY SOURCES INDICATES THAT FOR IMMEDIATE FUTURE MOBIL IS EXPECTED TO CONTINUE ITS 43 PERCENT OWNERSHIP OF BRC BUT WILL BE GIVEN OPTION BY GOP TO PURCHASE ADDITIONAL 7 PERCENT TO REACH 50 PERCENT OWNERSHIP. WHETHER OR NOT PUBLIC ANNOUNCEMENT WILL REVEAL THIS ARRANGEMENT IS NOT KNOWN.

4. SUGGEST DEPARTMENT SPOKESMAN BE SUPPLIED FOREGOING INFORMATION, TOGETHER WITH ADDITIONAL DETAILS AVAILABLE FROM EXXON AND MOBIL HEADQUARTERS IN U.S. IN ORDER BE PREPARED TO RESPOND TO INQUIRIES RE SALE. FACT THAT MOBIL ASEAMING MANAGEMENT AND PLANNING ACQUIRE ADDITIONAL OWNERSHIP (IF LATTER IS REVEALED IN PUBLIC ANNOUNCEMENT) SHOULD HELP DISPEL ANY MISAPPREHENSION THAT ESSO TRANSACTION IS NATIONALIZATION EFFORT BY GOP.

5. SHOULCQBE NOTED PARENTHENUICALLY THAT RECENT ANNOUNCEMENT THAT PNOC HAS ASSUMED CONTROL OF OIL DISTRIBUTION AND SALE (REF B) HAS APPARENTLY BEEN MISREPRESENTED IN SOME U.S. MEDIA AS NATIONALIZATION OF OIL COMPANY OPERATIONS. WE HOPE DEPT SPOKESMAN, ON IF ASKED BASIS, CAN CLARIFY INTENT AND EFFECT OF GOP MOVE AS INDICATED REF B.
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